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SUBJECT: AMBASSADOR MAISTO CALLS ON SRE OFFICIALS

REF: LA PAZ 3355

Classified By: CHARGE D'AFFAIRES LESLIE A. BASSETT, REASONS: 1.4(B/D).

11. (C) Summary: During a brief visit to Mexico City December 13-14, USOAS Ambassador John Maisto met separately with outgoing SRE Undersecretary for Latin America Jorge Chen Charpentier and his successor, Geronimo Gutierrez Fernandez. Chen offered a readout of the recent South American summit in Cochabamba (reftel), at which Venezuelan President Chavez quietly signaled his interest in more constructive relations with the GOM, while publicly urging more rapid movement towards South American integration. Chen also emphasized the efforts of the Brazilians at the summit to encourage the emergence of a South American union, presumably under Brazilian leadership. Ambassador Maisto emphasized to both interlocutors his perception that circumstances in the Central American countries were ripe for progress and noted that the USG looked favorably upon GOM involvement through the "Puebla Process" in the pursuit of stability and prosperity. Being new to the region, Gutierrez was in far more of a listening mode than Chen, although he promised the GOM's continued close cooperation in dealing with regional challenges. End summary.

Chavez Vents in Cochabamba...

12. (C) In their December 14 meeting, outgoing SRE Undersecretary for Latin America Jorge Chen recounted for Ambassador Maisto his observations at the recent South American summit in Cochabamba. He noted that due to last minute changes in the seating arrangements, he had the unexpected opportunity to exchange views with Venezuelan President Hugo Chavez. Chavez asked Chen to tell President Calderon he hoped the two governments would be able to put recent tensions behind them and focus on building a more constructive relationship in the future. Nevertheless, alluding at least in part to the Calderon presidential campaign, Chavez expressed resentment that some in the hemisphere were using images of Chavez against left-wing candidates. Ambassador Maisto noted that the USG also sought to engage more constructively with the BRV for a long time through former FM Rodriguez, who never followed up on his own expressions of interest in a high-level dialogue.

13. (C) Chen said that at the summit, Chavez had urged on his fellow heads of state more rapid progress towards South American integration, including the creation of a South American Community secretariat. Chen concurred with Ambassador Maisto that most South American governments feared confronting Chavez, adding that the BRV appeared to be using its membership in Mercosur to isolate Chile, which had been the least receptive of the Southern Cone countries to Chavez's overtures.

14. (C) Chen recounted that during summit discussions, the Brazilians sought to convince their counterparts that the international system rapidly was evolving from a unipolar system, dominated by the United States, to one with four poles, including Europe and neighboring areas; North America (including the Caribbean); the Far East; and South America. Chen said that Brazil sought to provide political leadership to the South American "pole," while Venezuela would provide financial support. Among the priorities of the Brazilian-led South American community would be energy integration, democracy and human rights, and security and counter-terrorism. Chen noted that the Brazilians defined human rights in moral rather than political terms, presumably in order to avoid alienating the BRV.

15. (C) Although Bolivian President Evo Morales, as the summit host, had personally invited the GOM to send an observer to the summit, Chen noted that some summit participants -- particularly Brazil -- were less than welcoming, presumably because of the GOM's close relationship with the USG. He noted, however, that Nicaraguan President-elect Daniel Ortega -- also in attendance as an observer -- was afforded a warm welcome by all. Chen expressed surprise that the OAS was never mentioned at the summit and that although OAS SYG Insulza had been invited to attend, he was not afforded an opportunity to address the summit.

Cuba: The Transition Has Begun

16. (C) Chen told Ambassador Maisto that the European Union

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was increasingly concerned about post-Castro Cuba. He said that in 2007, the EU and Latin American governments would hold a series of preparatory talks in advance of the 2008 EU-Latin American Summit, and that these preparatory talks could provide a key opportunity to discuss Cuba, as well as possible EU financial support for Cuba's post-Castro transition.

17. (C) For his part, Undersecretary Gutierrez intimated that maintaining stability in post-Castro Cuba ranked higher among his concerns than seeing a prompt transition to democracy. He argued that Raul Castro's appointment as Acting President was carried out in accordance with the Cuban constitution and that he therefore enjoyed legitimacy within the Cuban legal order. Gutierrez argued that when Fidel definitively passes from the scene, the USG should afford his successor a window of opportunity -- even if brief -- to demonstrate whether or not the successor would seek to undertake democratic reforms, adding that the new government's attitude toward reforms would quickly become apparent. Ambassador Maisto underlined that the Cuban regime first had to have an internal dialogue with Cubans on the island.

OAS Finishing a Difficult Year

18. (C) Ambassador Maisto noted that 2006 had been a difficult year at the OAS, due in part to the challenges posed by the BRV and also to the large number of closely contested elections in the hemisphere this year. Maisto noted in particular the difficult negotiations over a draft BRV resolution praising its conduct of the recent elections, explaining that the Canadians and the USG had worked together to ensure that such an excessively laudatory resolution would not be adopted.

19. (C) Maisto emphasized to both interlocutors the difficult circumstances under which the OAS had carried out its election observation mission in Venezuela. He noted that the

BRV waited until the last possible minute -- 60 days before the election -- to invite the OAS to send a mission, and that 60 days did not provide enough time to conduct a thorough mission. He said Chavez had "played the OAS like a fiddle:" by inviting OAS observers at the last possible minute, he ensured they would have as little influence as possible over the conditions of the election, while being present to witness that the Election Day mechanics complied with minimum standards. Maisto concluded that the OAS's experience in Venezuela demonstrated that the rules governing election observation missions needed to be changed. He added that in the future, he hoped the OAS would do a better job of post-election follow-up, to ensure that the recommendations of election observation missions were implemented.

Central America Ripe for Progress

¶10. (C) Ambassador Maisto told both Chen and Gutierrez that the USG believed present circumstances provided the best opportunity in years for progress in Central America, adding that the USG favored Mexico's engagement in the region. He noted that the USG and GOM shared the same interests in the region -- stability, democratic consolidation, and economic and social development -- and that he hoped the two governments would continue to cooperate in pursuit of these goals. Chen noted that while he looked forward to further USG-GOM cooperation in Central America, he believed that GOM support for certain aspects of the Plan Puebla-Panama -- particularly the proposed construction of an oil refinery in Central America -- appeared to be waning.

¶11. (C) Gutierrez largely concurred with Chen, noting that Plan Puebla-Panama enjoyed far more support outside of Mexico than within. He explained that many in the GOM doubted that the proposed oil refinery would be economically viable for Mexico, given declining Mexican oil production. Ambassador Maisto encouraged Gutierrez to work with post to see whether USG financial support -- such as through the Trade and Development Agency -- might be available to facilitate the project.

Comment: The Tone May Change, But Not the Substance

¶12. (C) Although Gutierrez is new to the region, in his prior position overseeing GOM relations with North America, we found him to be a quick study, pragmatic, and sensitive to USG interests and concerns. For his part, both during and after the campaign, President Calderon called for greater emphasis in Mexican diplomacy on relations with Latin America; accordingly, the months ahead are likely to bring

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GOM efforts to smooth over differences with other governments in the region, particularly Venezuela and Cuba. Nevertheless, while the Calderon administration is likely to conduct its diplomacy in the region with more subtlety and sophistication than its predecessor, we expect its basic pro-democracy and free market orientation to remain. We can count on the Calderon administration to remain a key -- if possibly more discreet -- ally in the region as we seek to promote democratic consolidation and economic development. End comment.

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